No. 5494

EL SALVADOR, HONDURAS and GUATEMALA

Treaty of Economic Association (with annexes). Signed at Guatemala City, on 6 February 1960

Official text: Spanish.

Registered by El Salvador, Honduras and Guatemala on 19 December 1960.

SALVADOR, HONDURAS et GUATEMALA

Traité d'association économique (avec annexes). Signé à Guatemala, le 6 février 1960

Texte officiel espagnol.

Enregistré par le Salvador, le Honduras et le Guatemala le 19 décembre 1960.

[TRANSLATION — TRADUCTION]

No. 5494. TREATY[1] OF ECONOMIC ASSOCIATION BETWEEN EL SALVADOR, HONDURAS AND GUATEMALA. SIGNED AT GUATEMALA CITY, ON 6 FEBRUARY 1960

The Governments of the Republics of El Salvador, Honduras and Guatemala,

With the intention of promoting the economic development of their respective countries in order to improve the standard of living of their peoples ;

Being convinced of the necessity to consolidate and extend the present economic co-operation between the three countries and thus to contribute to Central American economic integration ;

Considering that the Presidents of the three Republics have declared it essential to hasten the integration and development of the economies of the region ;

Having as their aim the establishment in the near future of a common market in order to stimulate production and investment by joint action and the establishment of the necessary machinery to promote economic co-operation among them ;

Have decided to conclude the present Treaty of Economic Association and to that end have appointed as their plenipotentiaries :

The President of the Republic of El Salvador : Alfonso Rochac, Minister for Economic Affairs ;

The President of the Republic of Honduras : Jorge Bueso Arias, Minister for Economic and Financial Affairs ;

The President of the Republic of Guatemala : Eduardo Rodríguez Genis, Minister for Economic Affairs,

Who, having exchanged their respective full powers, found in good and due form, have agreed on the following :

CHAPTER I

BASIC PRINCIPLES

Article I

The Contracting Parties establish by the present Treaty an Economic Association guaranteeing free movement of persons, goods and capital between their territories.

[1] Came into force on 27 April 1960, the date of the exchange of the instruments of ratification at Tegucigalpa, in accordance with article XXXI.

Article II

Nationals of any of the Signatory States shall have the right freely to enter and leave the territory of the other Signatory States without any limitations other than those laid down for nationals of those States.

Similarly, nationals of any of the Parties shall enjoy national treatment in the territory of the other Parties, in accordance with the domestic law of each State, in civil, commercial, tax and labour matters.

Article III

When the Customs Union referred to in chapter III is set up, there shall be free movement of goods between the territories of the Contracting Parties without distinction as to origin, immediate source or destination. Nevertheless, during the period of transition before the establishment of the Customs Union, there shall be freedom of movement only for natural products and manufactured articles originating in the territory of the Contracting Parties, such goods to be exchanged on the terms and under the conditions laid down below.

Article IV

The Contracting Parties shall endeavour to keep their currencies freely convertible. In no case may they establish exchange restrictions which discriminate against any one of them.

Article V

Each of the Parties shall extend national treatment to nationals of the other two Parties, whether individuals or bodies corporate, as regards capital investment and the right to organize, manage and participate in undertakings.

Each Party shall decide what rules are to govern investments by bodies corporate in which nationals of third countries participate.

Article VI

The Contracting Parties shall ensure that the free movement of persons, goods and capital between them is not unduly impeded by any provision of a legislative or administrative nature.

Article VII

In order to create a reasonable degree of equality in the trade relations between them, the Contracting Parties shall endeavour to achieve uniformity in the legislative or other provisions affecting the production of goods.

Article VIII

The Contracting Parties shall pursue a policy of co-operation and joint consultation in respect of trade between them and of their economic relations with countries outside Central America.

CHAPTER II

COMMON MARKET

Article IX

Subject only to the limitations specified in annex A [1] of this Treaty, there shall be free trade immediately in natural products originating in the territories of the Contracting Parties and in products manufactured in those territories. The said products shall accordingly not be subject to measures of quantitative control and shall be exempt from any kind of import or export charges, including consular fees.

The exemptions mentioned in this article do not extend to lighterage, wharfage, storage and handling charges for merchandise or to any other charges legally payable for harbour, storage or transport services.

For the purposes of this article, products manufactured in a third country which are merely packed, put into containers, cut or diluted in the exporting country shall not be considered products manufactured in one of the Contracting States.

Article X

The products listed in annex A shall be subject to special regimes and treatment as indicated in the said annex.

Article XI

Goods imported from any of the Contracting Parties shall be subject to such national or municipal taxes or dues on production, sale, distribution, trade or consumption as are in force or may be introduced in the importing country; it being understood that such domestic taxes and dues shall not be different from or heavier than those which apply to national goods of the importing country.

If the articles subject to such domestic taxes are not produced in the importing country, it shall also tax similar goods imported from third countries.

[1] See p. 40 of this volume.

Article XII

Articles which under the domestic law of any of the Contracting Parties at the date of the conclusion of this Treaty constitute a State monopoly shall remain subject to the relevant legal provisions of each country.

Before new monopolies are established and before the system under which existing monopolies operate is changed, the Parties shall hold consultations in order to establish a special regime for trade in the articles concerned.

Article XIII

Articles of which the export or import is governed by international agreements shall be subject to the provisions of those agreements.

Article XIV

The customs authorities of the Signatory States shall provide all possible facilities so that trade between the three countries may proceed with the utmost dispatch. Goods imported or exported between one Party and another shall be covered by a customs form signed by the exporter, which shall contain a declaration of their origin and shall be endorsed by the customs authorities of the exporting and importing countries in accordance with annex B[1] of this Treaty.

Article XV

If there is any doubt as to the origin of certain goods, the State which considers its interests affected shall submit the matter for consideration to the Executive Council established under this Treaty. The Council may, if it thinks fit, decide that the form mentioned in the preceding article must be accompanied by a declaration of origin signed by the producer of the goods exported or by a certificate issued by the Ministry of Economic Affairs of the exporting country.

Article XVI

None of the Signatory States shall grant export subsidies for goods destined for the territory of the other States or allow goods to be exported to the territory of the other States below the normal price.

If accusations are made of dishonest trade practices, the State which considers its interests affected shall submit the matter for consideration to the Executive Council established under the Treaty, which shall decide the matter.

[1] See p. 62 of this volume.